

## WorkFirst Reexamination Workgroup

### Focus Area Briefing Paper

#### Issue: Incentives to improve program performance

**Description:** From 1999 – 2003, high performance bonuses were awarded to Local Planning Areas and/or local offices as incentives to improve program outcomes.

Year	Recipients	Criteria for awards	Amount
1999	17 Local Planning Areas	<ul style="list-style-type: none"> <li>TANF caseload reduction</li> <li>Client participation</li> <li>Entries to employment</li> <li>Cases with earnings</li> <li>Child support collections</li> </ul>	\$300,000
2000	20 Local Planning Areas	<p>Sustained and most improved achievement in the following categories:</p> <ul style="list-style-type: none"> <li>TANF caseload reduction</li> <li>Client participation</li> <li>Entries to employment</li> <li>Employment retention</li> <li>Returns to TANF</li> <li>Child support collections</li> <li>Community Jobs enrollments</li> <li>Welfare-to-Work enrollments</li> </ul> <p>In addition, three bonuses were awarded to LPAs with innovative projects that yielded positive results for low-income families in local communities</p>	\$461,000
2001	18 Local Planning Areas and 6 CSO/ESD partnerships	<p>Same as above, although only two innovative bonuses were awarded.</p> <p>In a new category, local CSO/ESD partnerships earned awards (for large and small offices) based on:</p> <ul style="list-style-type: none"> <li>Exits due to employment</li> <li>3-month employment to exit</li> <li>Re-exit from TANF</li> </ul>	\$408,000
2002	16 Local Planning Areas	<p>LPA bonuses were distributed based on sustained and most improved achievement in the following categories:</p> <ul style="list-style-type: none"> <li>TANF caseload reduction</li> <li>Exits due to employment</li> <li>Employment retention</li> <li>Returns to TANF</li> <li>Child support collections</li> <li>Community Jobs enrollments</li> </ul> <p>In addition, two innovative bonuses were awarded to LPAs.</p>	<p>\$304,000</p> <p>Due to the January 2003 budget reductions, funding was eliminated before it could be spent.</p>

**Background:** The authority to award bonuses to the highest performing WorkFirst entities is outlined in the original WorkFirst legislation in 1997.

From 1999 – 2003, in order to achieve positive outcomes and to spur healthy competition among offices, various criteria were used to award financial bonuses to the highest performing Local Planning Areas and/or local offices. The criteria usually centered on the operational performance measures, and often included a composite index of the Tier 2 measures, most improved performance, and sustained performance over time. Bonuses were also awarded for “innovative” projects.

The awards were usually announced, with much fanfare, at the annual WorkFirst conference, a two-day event held for nearly 2,000 state and private agency staff and managers responsible for assisting WorkFirst families.

The bonus-winning LPAs or offices could propose (to a multi-agency headquarters’ review group) spending their bonuses on a myriad of services or activities, including client-related expenses that regular budgets could not accommodate. Other activities that were funded include client incentives for above average completion or participation in a program component, state employee staff bonuses, recognition events for employers, job and resource fairs, presentation materials, work kits for clients, specialized software, and TANF-related research. Funds had to be spent in a manner that fulfilled one of the four federal purposes of TANF.

At least one project, Spokane LPA’s KEYS (Keep Employment Your Success) earned an innovative award in 2001, and is still in operation today.

#### **Policy discussion:**

<b>Pros of offering financial incentives</b>	<b>Cons of offering financial incentives</b>
<ul style="list-style-type: none"> <li>▪ Positive response to the reward system and healthy competition</li> <li>▪ Increased teamwork and spirit of creativity, cooperation and unity among partners</li> <li>▪ Ability to earn “windfall” dollars for special initiatives, recognition, pilot projects, client services, etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Unintended consequences from push to “win”</li> <li>▪ Areas with particularly hard-to-serve families (or unique circumstances) view earning an incentive as “futile” and direct energies elsewhere</li> <li>▪ DSHS offices may be resistant to the spotlight on one segment of the population they serve</li> </ul>